

# ***Block 2***

## ***Market Research***



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# Overview



- What is market research (MR)?
- Why do MR?
- Who does MR?
- When do you do MR?
- How do you do MR?
- Where can you find additional information on MR?

# Overview



- **What is market research (MR)?**
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# *What is Market Research?*



# *What is Market Research?*

- FAR Part 2.101 & AFLMA Market Research Guide combined definition for market research (MR):

A means of collecting, identifying and analyzing information about the capabilities or attributes of existing or evolving products or services within the marketplace to satisfy agency needs.

**Window  
Shopping!!**

# *What is Market Research?*

- What is meant by “A means of collecting, identifying and analyzing”?
  - Not a formalized, checklist process
  - Basic guidelines
- What is meant by “existing or evolving”?
  - MR used in deciding whether the service is a commercial service or a developmental service

# *What is Market Research?*



- What is meant by “commercial” and “developmental”?
  - Extracted from FAR 2.101

# *What is Market Research?*

Any item or service  
*of a type*  
*customarily*  
*used for*  
nongovernmental  
purposes





# *What is Market Research?*

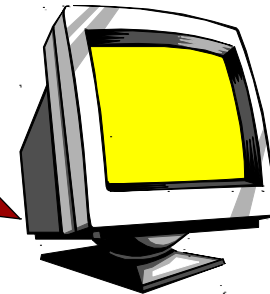
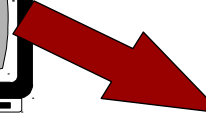
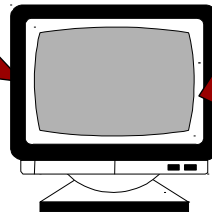
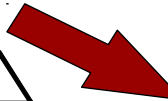


Any item or  
service,  
*of a type*  
customarily  
used for  
nongovernmental  
purposes

**Currently available or offered  
to the *general public***

# *What is Market Research?*

Any item or service,  
*of a type* customarily  
used for  
nongovernmental  
purposes



***Technology  
Evolution***

**Will be available in the commercial marketplace**

# What is Market Research?



Any item or service,  
*of a type*  
customarily  
used for  
nongovernmental  
purposes

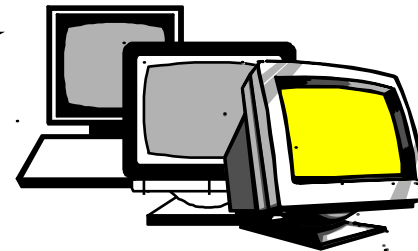
**Would meet the definition**  
*but for* customary  
commercial modification  
(*of a type*) or noncustomary  
minor modifications

**minor** - “does not significantly alter nongovernmental function,  
or essential physical characteristics, or change the purpose  
of a process.”

# What is Market Research?



**Installation  
Maintenance  
Repair  
Training  
etc.**



**& Services to support  
a commercial item**

# *What is Market Research?*

*& services  
to support  
a  
commercial item*

*Any  
combinati  
on  
of items  
of a type*

*Customar  
ily  
combined  
& sold to  
the  
general  
public*



# *What is Market Research?*



***Services specific  
to item***



**& Services  
of a type competitively  
offered in the commercial  
marketplace**



# *What is Market Research?*



An item or service that qualifies as a commercial item keeps its identity even if it is transferred between division, subsidiaries or affiliates.

# *What is Market Research?*

***A nondevelopmental item  
that is...***

Developed  
Exclusively  
at Private  
Expense

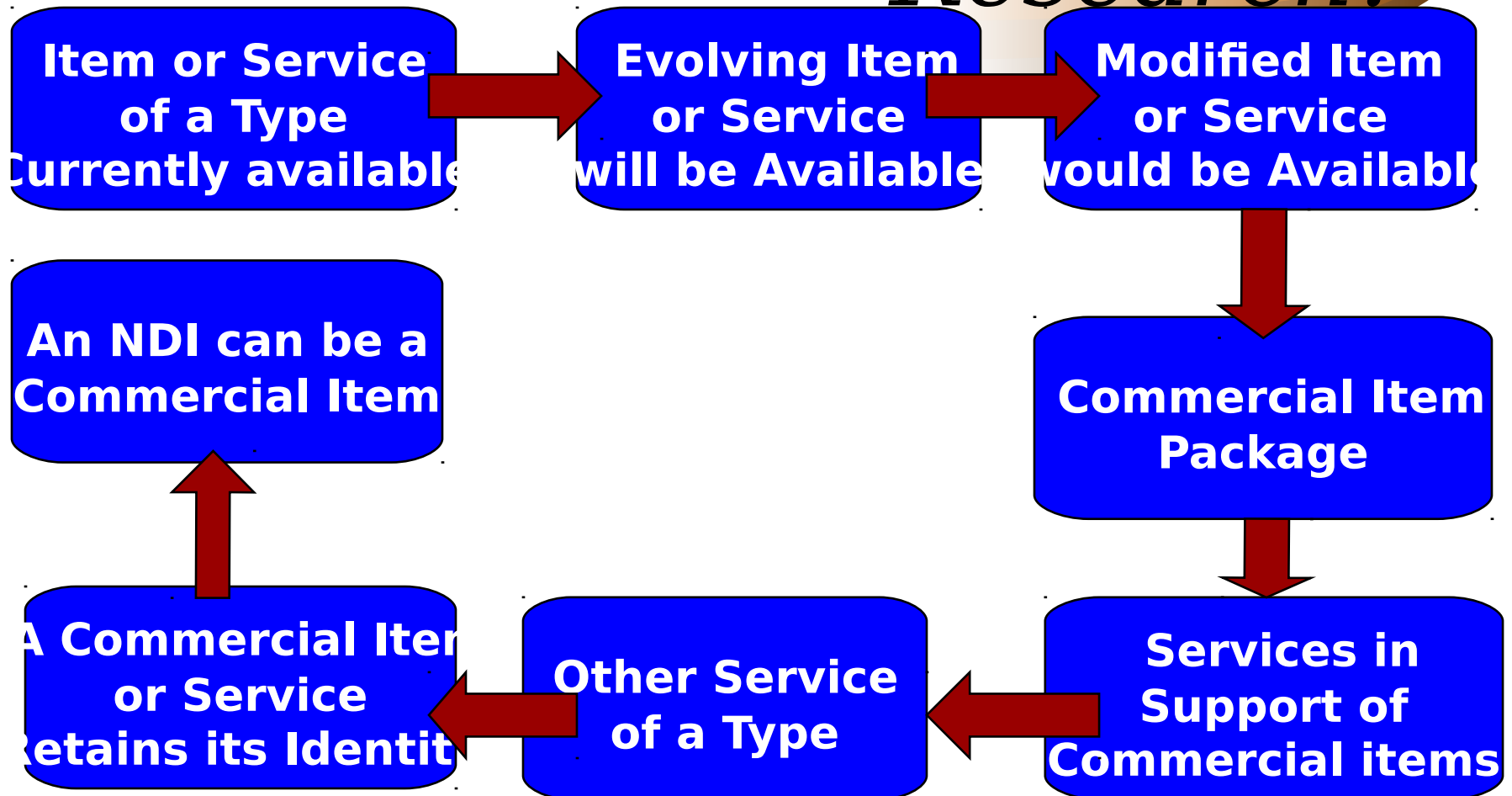
Sold in Substantial  
quantities on a  
competitive basis

To multiple  
state and local  
governments

**Becomes A Commercial Item**



# *What is Market Research?*



# Overview



- What is market research (MR)?
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# *Why do Market Research?*



- Required by FAR Parts 7, 10, 11 and 12
- Opens communication channels
  - Acquisition team (BRAG)
  - Industry
- Make an informed small business participation or set-aside decision
- DoD can no longer afford not to

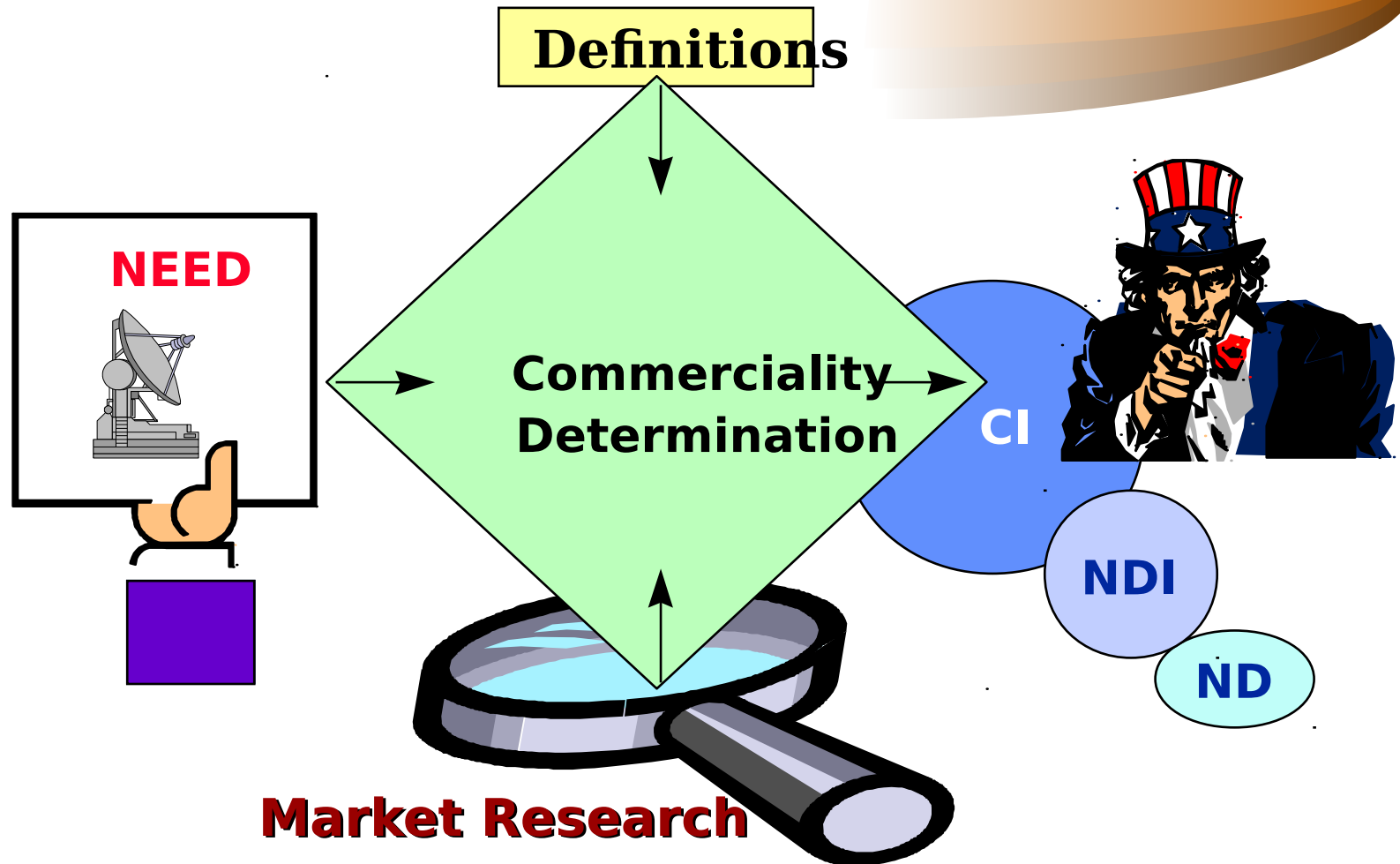
**It Just Makes Good Business Sense!!**

# *Why do Market Research?*



- FAR Part 12, “Acquisition of Commercial Items”, requires agencies to conduct market research appropriate to the circumstances to determine if:
  - Acquisition of commercial items, or to the extent that commercial items suitable to meet the agency’s needs are not available or
  - Acquisition of nondevelopmental items to the maximum extent practicable

# *Why do Market Research?*



# *Why do Market Research?*



- FAR Part 7, “Acquisition Planning”, requires that agencies perform acquisition planning and conduct market research for all acquisitions to promote and provide for:
  - Acquisition of commercial items, or to the extent that commercial items suitable to meet the agency’s needs are not available;
  - Acquisition of nondevelopmental items to the maximum extent practicable; and

# *Why do Market Research?*



- FAR Part 7 (cont.)
  - Full and open competition, or when full open competition is not required, to obtain competition to the maximum extent practicable, with due regard to the nature of supplies or services acquired
  - INFO.LTR 99-09 requires including the MR Report as an attachment to the Acquisition Plan

# *Why do Market Research?*



- FAR Part 10, “Market Research”, requires agencies to conduct market research appropriate to the circumstances:
  - While developing (finalizing) new requirements documents for any acquisition;
  - Before soliciting offers for acquisitions with an estimated value in excess of the simplified acquisition threshold (SAT); and



# *Why do Market Research?*



- FAR Part 10 (cont.)
  - Before soliciting offers for acquisitions with an estimated value less than the SAT when adequate information is not available and the circumstances justify its cost

# *Why do Market Research?*



- FAR 11, “Describing Agency Needs”, requires agencies to develop criteria to demonstrate that an item has commercial market acceptance
  - Must be supported by MR

# *Why do Market Research?*



- **Open**

## **Communications**

Acquisition Team

Industry

- Key word is “team”
- Brainstorming
- Discussions

- Develop new potential sources
- Update knowledge of technical advancements
- Thorough understanding of common marketplace practices

**No Room for Adversarial**

# *Why do Market Research?*



- Informed small business participation or set-aside decision
  - Small business
  - Small disadvantaged business
  - 8(a) Program
  - Women-owned business
  - HUBZone Program
  - SBA Mentor-Protégé Program

# *Why do Market Research?*



- DoD literally can no longer afford not to
  - Quadrennial Defense Review cuts
  - Continued budget cuts
  - Cannot afford to maintain a separate Defense Business Base
    - Large number of DoD-based business mergers
    - DoD has less market leverage
    - Need to tap into “Global Village”
  - DoD no longer the leader in technology advancements in many areas

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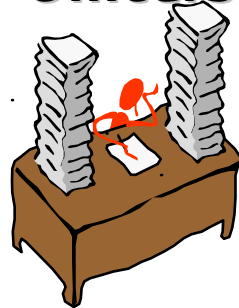
# *Who Does Market Research?*



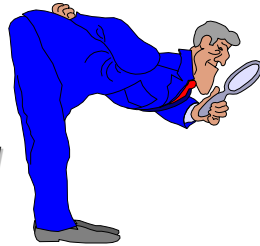
**Everyone!!**

# Who Does Market Research?

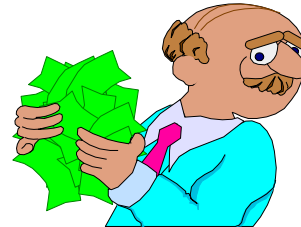
**Contracting  
Officers**



**QAEs/QASS**



**FM**



**Small  
Business**



**Program Managers/  
Functionals Requirements**



**DCMC**

**B R A G**

**DFAS**




# Overview




- What is market research (MR)?
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# *When do You do Market Research?*



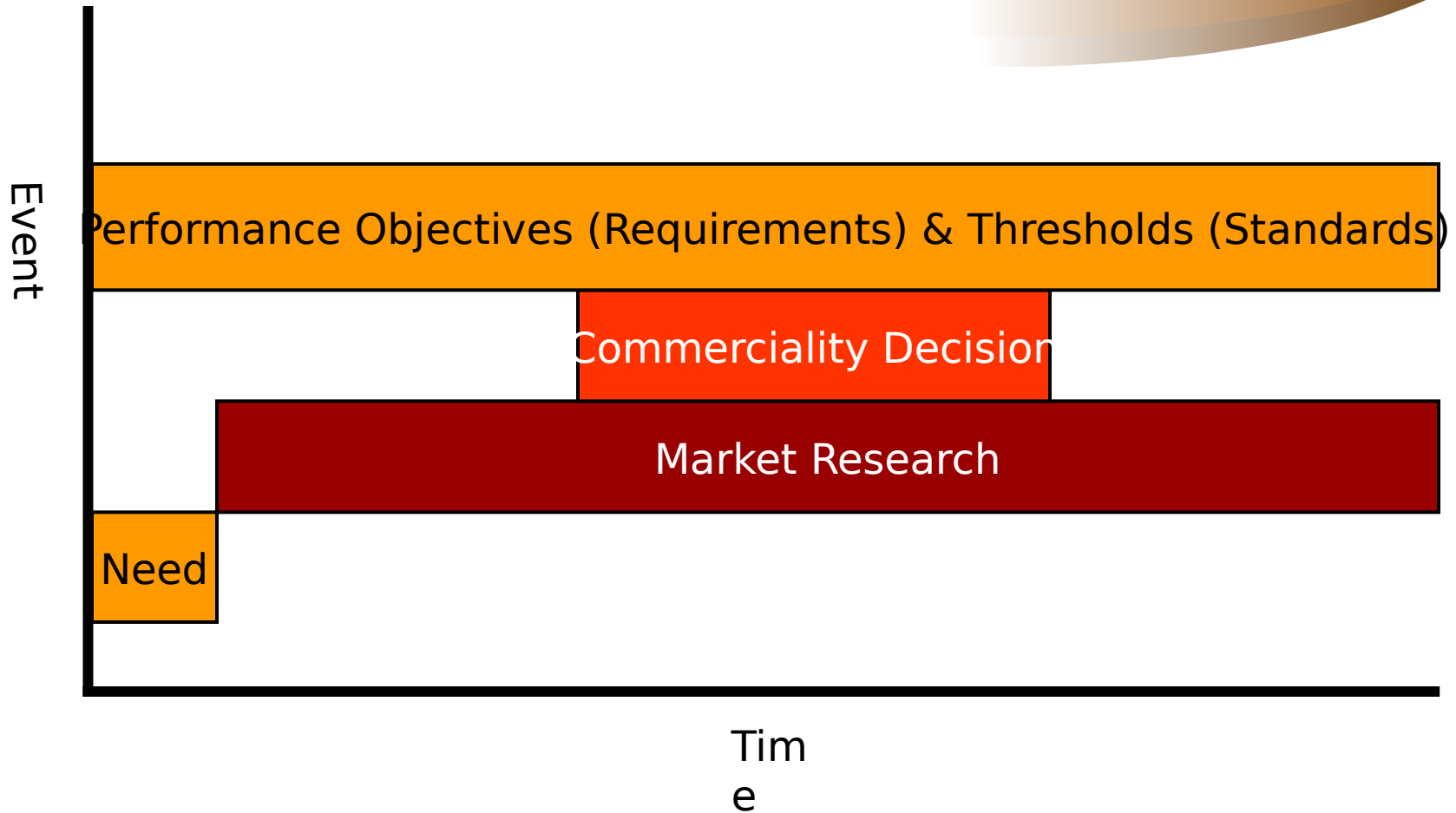
- As Part of Acquisition Planning
  - You should budget time and dollars for MR
- Before Making Commerciality Determination

# *When do You do Market Research?*




- During the Development of the Program Requirements
  - Helps to determine if commercial, non-developmental or developmental item or service
  - Helps to write a performance-based work statement
  - Helps identify commercial standards

# *When do You do Market Research?*



# *When do You do Market Research?*

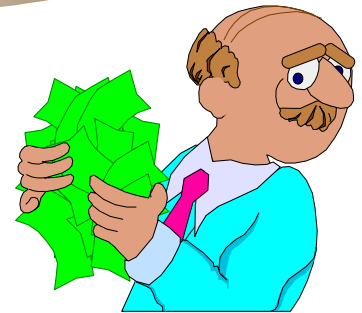


- Before Soliciting Offers Above \$100,000
- Before Soliciting Offers Below \$100,000
  - Only if adequate information is not currently available and circumstances justify the cost of doing MR
  - Cost involves time and personnel as well as actual dollar cost

# *When do You do Market Research?*



**VS**



- Dependent on complexity, urgency, estimated dollar value, information readily available and past experience




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# *How do You do Market Research?*




What NOT to do --

**Market Research is NOT just a sources sought synopsis!!**

**Market Research is NOT someone else's Market Research report!!**




# *How do You do Market Research?*



- Suggest Establishing a MR Group Leader/ Facilitator within the BRAG
  - Responsibilities include:
    - Facilitating research process
    - Facilitating brainstorming sessions/discussions
    - Scheduling regular progress meetings

# *How do You do Market Research?*



- Establish a Basic Needs Statement
  - Can be as simple as 1 or 2 sentences
  - Should be outcome oriented
  - MR will help develop statement further
- Brainstorm for Sources of Information for MR

# *How do You do Market Research?*

- Brainstorming

## ~~Guidance~~ Facilitated by MR Group Leader

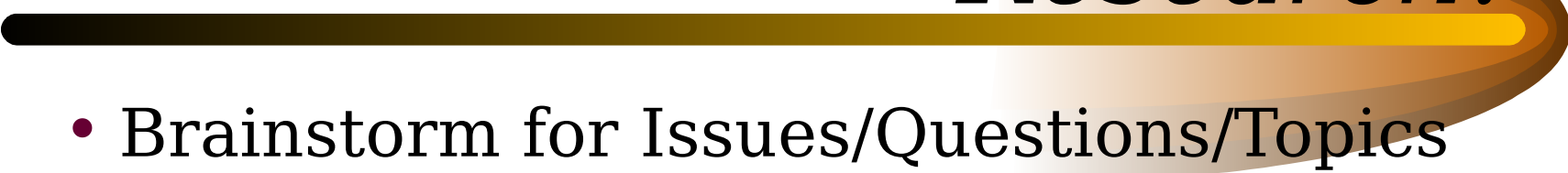
- Makes initial suggestions to begin session
- Tracks time
- Writes down ideas
- Reminds everyone of “rules”

- Establish Time Limit
- No Editing
- No Discussion
- When Done Compile and Refine List

# *How do You do Market Research?*


- Group Members Research Sources of Information
  - Objective of researching sources of information is to find contractor/vendors to:
    - Talk with
    - Exchange information with
    - Visit with
- Group Refines List of Contractors/Vendors/ Users
- Repeat as Needed

# *How do You do Market Research?*




- Brainstorm for Issues/Questions/Topics to Research
- Group or Group Members Talk/Visit with Contractors/Vendors to Discuss Issues/Questions/Topics
- Repeat as Needed
- Document Details in MR Report
- Submit for Posting on the BSX Web Page

# *How do You do Market Research?*




- Required to Include Report as an Attachment to the Acquisition Plan
- AFLMA MR Guide Includes a Thorough List of Recommended Topics for the MR Report

# *How do You do Market Research?*



- Program Background
  - Purpose
  - Any special features
- MR Team Members
- Description of Need
  - In terms of function, performance and/or essential characteristics
  - Include possible alternatives or modification to needs statement, or potential for trade-off analyses


# *How do You do Market Research?*



- Desired or Required Delivery Schedule
- Explanation of Methodology
  - Method used for compiling and refining list of potential suppliers/vendors
  - Include number of firms or organizations contacted
  - Include list of suppliers/vendors in final consideration




# *How do You do Market Research?*




- Summary of Industry Sources Contacted
  - Include types of information obtained from them
- Summary of Customary Commercial Terms & Conditions, if any
  - Such as method of payment, delivery, inspection and acceptance, warranties, quality surveillance, discounts, etc.

# *How do You do Market Research?*



- Identification of Price Ranges Discovered
  - Include such things as reasons for variations and potential of determining a fair and reasonable or fair market price
- Requirements Analysis
  - Including such things as a summary description of the available commercial or nondevelopmental items and their respective merits or shortcomings

# *How do You do Market Research?*



## EXERCISE I

Sources of Information

Need: Base Custodial Service

# *Brainstorming Guidance*



- Facilitated by MR Group Leader
  - Makes initial suggestions to begin session
  - Tracks time
  - Writes down ideas
  - Reminds everyone of “rules”
- Establish Time Limit
- No Editing
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- When Done Compile and Refine List

# *Exercise I - Suggested Sources*



- Local Phone Book/Yellow Pages
- National Yellow Pages (on-line)
- Local Newspapers/Ads
- National Newspapers/Ads
- Industry Magazines
- Trade Journals
- Other Bases Within the Command
- Other MAJCOMs

# *Exercise I - Suggested Sources*



- Other Local/Regional DoD or Federal Government Organizations
- State and Local Government Organizations
- Local Colleges and Universities
- Local Businesses of Similar Size with Similar Requirements
- Trade Shows
- Industry Workshops

# *Exercise I - Suggested Sources*



- Sources Sought Synopsis
- Professional Associations and Societies
- Industry or Company Catalogues/Magazines
- Product Literature
- Notices on Your Organization's Homepage
- GSA Advantage! Web Page
- BSX Web Page ([www.bsx.org](http://www.bsx.org))

# *Exercise I - Suggested Sources*



- Online Services (i.e. DoD's Eagle Eye) Database
- IMART Web Page ([www.imart.org](http://www.imart.org))
- DoD Competition Advocates Forum Web Page
- GSA and DLA Catalogs
- Other MR Reports
- Unsolicited Proposals



# *Exercise I - Suggested Sources*




- Independent R&D Reports and Presentations
- Industry Computation Guides and Registers
  - Dunn & Bradstreet
  - Thomas Register
- Company Visits, Briefings and Presentations
- Participation in Standardization Committees
- Test Results/Reports
- AFCESA

# *Exercise I - Suggested Sources*



- Government/Industry Data Exchange Program (GIDEP)
- Foreign Military Data Exchange
- Discussions/Visits with Counterparts in Other Services (see DoD Pamphlet SD-1, Standardization Directory)

# *How do You do Market Research?*



## EXERCISE II

Issues/Questions/Topics for  
Research

Need: Base Custodial Services

# *Brainstorming Guidance*



- Facilitated by MR Group Leader
  - Makes initial suggestions to begin session
  - Tracks time
  - Writes down ideas
  - Reminds everyone of “rules”
- Establish Time Limit
- No Editing
- No Discussion
- When Done Compile and Refine List

# *Exercise II - Suggested Issues*



- Contract Type
- Level of Market Competition
- Bid Schedule
- What are the Competitive Forces for the Industry or Local Market
- Contractor Financing
- What Types of Pricing Information is Typically Requested or Submitted

# *Exercise II - Suggested Issues*



- What are the Customary Industry T&Cs
  - Delivery, Quality Surveillance, Warranties, Inspection & Acceptance, Termination Rights
- Any Pre-Licensing Required
- Support Capabilities of Suppliers
- What is Your Market Leverage
- Typical Types and Times of Reporting Requirements

# *Exercise II - Suggested Issues*



- Laws Unique to What is Being Acquired
- Cost of Maintenance and Upkeep
- Availability of Item that Contain Recovered Materials
  - Affirmative Procurement Program
- Fair Market Rates
- Packaging and Marking Requirements
- Are Modifications Customary Market Practice

# *Exercise II - Suggested Issues*



- Quality Assurance
  - Performance Thresholds (Standards)
  - How to Perform Quality Assurance
- Evaluation Criteria
- How industry writes requirements and performance thresholds
- Business size



# Overview



- What is market research (MR)?
- What is the purpose of MR?
- Who does MR?
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- **Where can you find additional information on MR?**

# *Where Can You Find Additional Info?*

- Business Solutions Exchange
  - Online AF Business Database
  - Database for centralized point of info for all best and brightest business solutions, lessons learned, and documentation examples within AF
  - Database for centralized location for acquisition teams or BRAGs teams can store and pass info to be made available to everyone on team
  - Good source of sample Market Research Reports
- <http://www.bsx.org>

# *Where Can You Find Additional Info?*

- AFLMA Market Research Guide

<http://www.safaq.hq.af.mil/contracting/tngtool.html>

This website provides a thorough guide to the Market Research process from the AF perspective.

- OSD Market Research Guide

<http://www.dsp..dla.mil/documents/sd-5.html>

This website provides a thorough guide to the Market Research process from the DoD perspective. It is intended to complement DoD 5000.2-R and FAR Part 10.

# *Where Can You Find Additional Info?*

- SAF/AQC Training Home Page

<http://www.safaq.hq.af.mil/contracting/tngtool.html>

This website provides access to self-study training, including:

- Contracting Pricing Reference Guides
- Commercial Item Contracting Seminar

# *Where Can You Find Additional Info?*

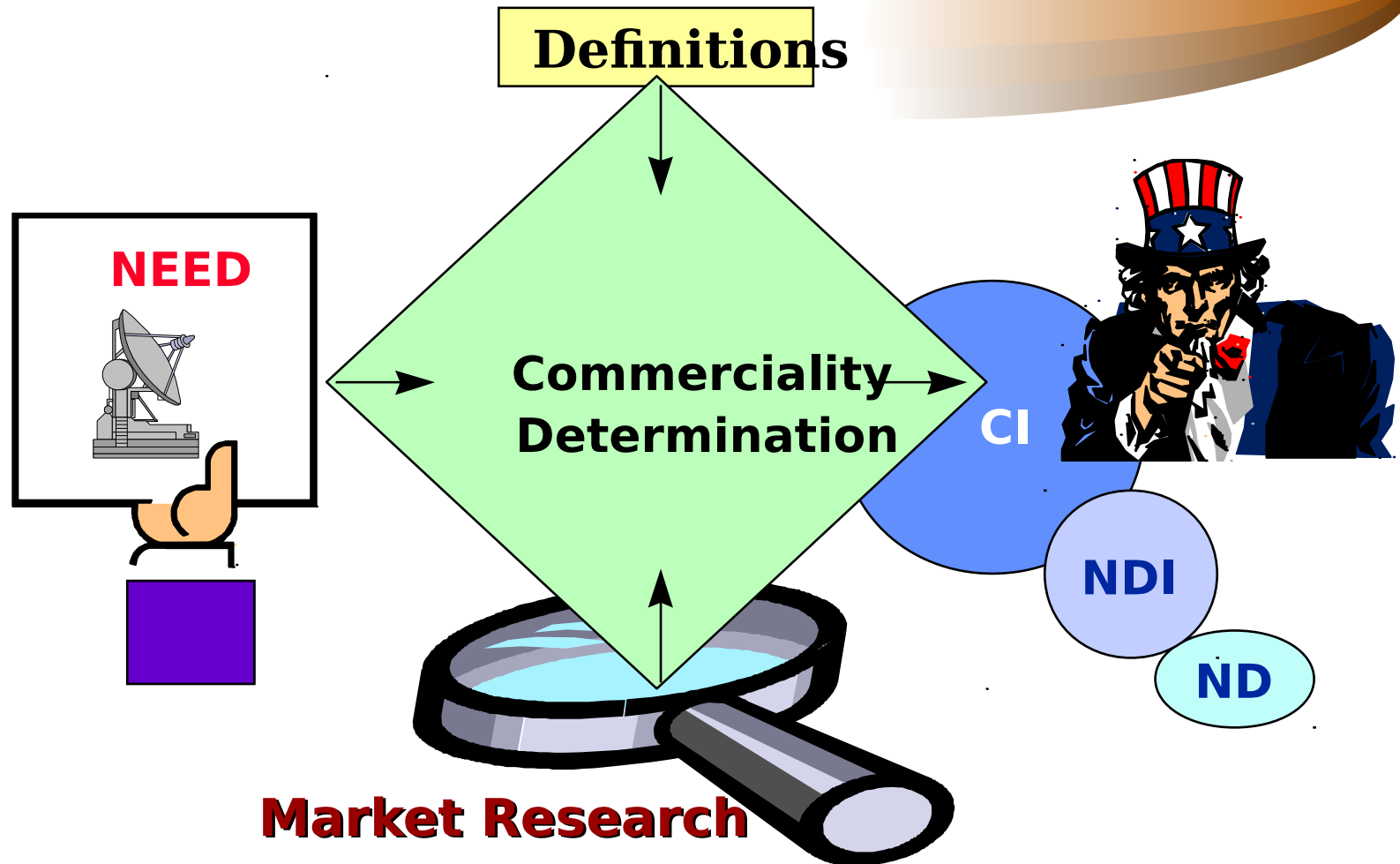


- AFCESA

<http://www.afcesa.af.mil/AFCESA/Contracts/Docs/PWS/Market/>

This website provides samples of Market Research Analysis in many type of base operations support services.

# Conclusion





Questions?